



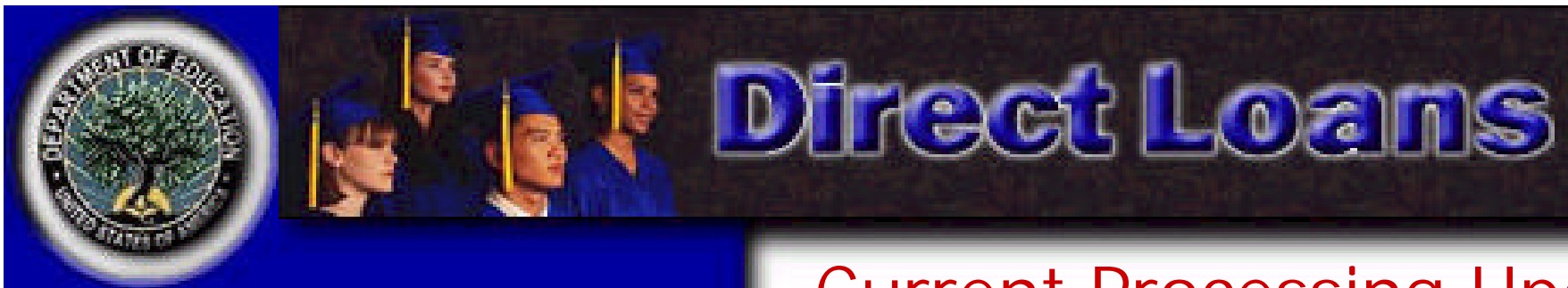
# Policy and Operational Issues in the Direct Loan Program



# Loan Origination

**NASFAA**  
**national conference 2000**  
Washington, DC - July 9-12





## Current Processing Update

- ★ Change Record Processing modifications
- ★ What's New for 2000-2001

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## Review of 2000-2001

- ★ Promissory Notes
- ★ Disbursements

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## Promissory Notes

- ★ Master Promissory Note ID for all loans in 2001 uses a Loan Type of "M"
- ★ Any 2000-2001 loans linked to a 1999-2000 MPN will retain the original MPN ID with an "S" or "U" MPN indicator
- ★ The Loan Origination Record will be linked to the latest accepted and active promissory note for the borrower the LOC has on file



## Disbursements

- ★ 20 Disbursements are allowed per loan
  - This does not include PLUS Loans
  - While EDExpress allows 20 disbursements, remember that it will only allow printing of a disclosure 12 disbursements or fewer
- ★ The LOS will take disbursements out of order, however
  - The first disbursement must come first



# What's New for 2001-2002

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## MPN Flag on the ISIR

- ★ A new field is being added to the ISIR that will indicate an MPN is on file
- ★ Will the flag tell the difference between DL and FFEL?





## E-Servicing

- ★ Loan Origination will collect student's e-mail addresses
- ★ Loan Servicing will use the e-mail addresses to perform e-servicing



## Disbursements

- ★ Disbursements can be taken out of order
- ★ There will be a flag on the disbursement record indicating if an out of order disbursement should be first





## Report Scheduling

- ★ Each report that is sent to the schools will have a defined schedule that will be available to all schools
- ★ Schools will be able to determine which reports they want to receive
- ★ Schools can change the reports they receive as they feel necessary



## Testing with Software Vendors

- ★ Initial testing will begin with the Intersystem testing for the 2001/2002 software changes in January 2001
- ★ New testing environment will be created
- ★ Test school ID will be used that will not be in the production system
- ★ New message classes are being created for testing
- ★ Schools that wish to use this process may also participate



## Paperless Promissory Note

- ★ Pilot program is being created to determine the best way to use the new technology
- ★ Will be incorporated as a Web based process



## New LO Web Page

- ★ Started on 4/3/2000
- ★ Access to batch and transaction information
- ★ Access to loan information by school ID
- ★ Schools control security processing
- ★ Currently have 400 Schools using the website
- ★ Access to Servicing through the LO Web Page
  - Available in August/September



## User Security

- ★ School Financial Aid Officer calls the LOC
- ★ The LOC will set up ONE person in the Financial Aid Office to be the school administrator via web application
- ★ The school's administrator registers other school users via web application
- ★ Recertification will occur annually



## Home Page

DoED Home    FAQ    Site Map    Contact Us

- [LO Home](#)
- [Login](#)
- [Overview](#)
- [Privacy Notice](#)
- [Other Links](#)
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THE U.S. Department of EDUCATION  
**DIRECT LOAN ORIGATION** online

Welcome to the  
Direct Loan Origination Online System.

**Announcements/  
Press Releases**

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**Direct  
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 Need technical assistance? Please contact: [LO Webmaster](#)





## Main Menu Page

https://lo-online.ed.gov/lo\_online/mainmenu.shtml - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Edit

Address https://lo-online.ed.gov/lo\_online/mainmenu.shtml Go Links

Direct Loan Origination **online**

Main Menu System Overview Feedback Exit System

### Main Menu

LOWeb Version Beta 2.05

Enter System	LO ONLINE MAIN MENU Description
<b>People and Loans</b>	Search individuals and loans by SSN, Name or Loan ID for student and borrower demographics along with details about direct loans they hold.
<b>School Batch Processing</b>	Display School Batch transactions associated with a Loan including a description of any errors encountered during the processing of the batch.
<b>User Account Administration</b>	Maintain the security aspects of the system by updating user registrations, roles, screens. Grant access to a screen for a given role.
<b>User Registration</b>	Register a new user of the Direct Loan Origination Online System.
<b>Maintain User Password</b>	Maintain/change your password to the Direct Loan Origination Online System using this feature.

Release 01.00 - Pilot

Main Menu System Overview Feedback Exit System

Direct Loans

https://lo-online.ed.gov/lo\_online/securitymenu.shtml Local intranet



## Person and Loan Summary

Direct Loan Origination - Person/Loan Listing - Microsoft Internet Explorer

Address: https://lo-online.ed.gov/lo\_online/persondetail.shtml

Direct Loan Origination **online**

Main Menu System Overview Feedback Exit System

Person/Loan Listing

LOWeb Version Beta 2.05

SSN: 187-58-3342

Person Information

Name	MICHAEL, JENNIFER A.	Driver's License Number	24242611
Address	RD 1 BOX 70	License State	PENNSYLVANIA
City/State/ZIP	DILLINER, PA 15327	Citizenship	US
Date of Birth	05/07/1977	Alien Registration Number	
Phone	(412)725-9446	SSN Change Status	
Student Status	Dependent	SSN Change Request Date	
Work Phone No		Work Phone Ext.	

Loan Summary

Person Type	Loan ID	Loan Type	Year	School	Loan Amount
B - Borrower	187583342-S-96-G05007-1-01	S - Subsidized Stafford Loan	1995-1996	WEST VIRGINIA JUNI	\$2,625.00
B - Borrower	187583342-S-97-G05007-0-01	S - Subsidized Stafford Loan	1996-1997	WEST VIRGINIA JUNI	\$2,325.00

Release 01.00 - Pilot

Main Menu System Overview Feedback Exit System

Direct Loans



## Person and Loan Summary

Direct Loan Origination - Stafford Loan Detail - Microsoft Internet Explorer

Address: https://oel.ed.gov/online/stafforddetail.htm?loan\_id=187583342596609007101&serial\_loan\_id=2078344

Direct Loan Origination **online**

Main Menu System Overview Feedback Exit System

Stafford Loan Detail

-- SSN/Loan ID Selection -- Person Detail

LOWeb Version Beta 2.05

Go to: [PNotes](#) [Disbursements](#) [Loan Status](#)

**Stafford Loan Detail**

Loan ID: 187583342-S-96-G05007-1-01

Loan Type	S - Subsidized Stafford Loan	Unsub. Dep. Ind.	
Graduation Date	12/19/1996	Loan Fee Pct. Rate	4.0%
Amount Requested	\$2,625.00	Student SSN	187-58-2342
Amount Approved	\$2,625.00	Student Name	MICHAEL, JENNIFER A.
Accepted Date	10/31/1995	Year in College	01 - 1st yr./ never attended coll.
Loan Period	08/14/1995 To 06/20/1996	Booked Date	09/12/1997
Borrower's Academic Year		Servicer	
HEAL Ind.			

**P-Note Summary**

Date Sent	Date Received	Note Amount	Status
n/a	11/10/1995	\$2,625.00	A - Accepted

**Disbursement Summary**

Disb. No.	Gross	Fee	Net
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## Batch Information

Direct Loan Origination - School Batch Summary - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Edit

Address [https://maonline.ed.gov/lo\\_online/batchsummary.shtml](https://maonline.ed.gov/lo_online/batchsummary.shtml) Go Link

Direct Loan Origination **online**

Main Menu System Overview Feedback Exit System

### School Batch Summary

LOWeb Version Beta 2.05

**Batch Summary**

School Code	G
School Number	05007
School Name	WEST VIRGINIA JUNIOR COLLEGE AT MOR
Begin Date	7/1/1999
End Date	12/9/1999

**Batch Summary**

Batch ID	Academic Year	Date/Time Processed	Batch Type	Batch Reject Explanation	Title IV Message Class
<a href="#">PF0G0500719990706153434</a>	1999-2000	07/12/1999 00:00	Origination Export PLUS		DEPF00IN
<a href="#">PF0G0500719990929160122</a>	1999-2000	09/29/1999 00:00	Origination Export PLUS		DEPF00IN

2 batches found matching search criteria.

[Back](#) to previous page.

Release 01.00 - Pilot

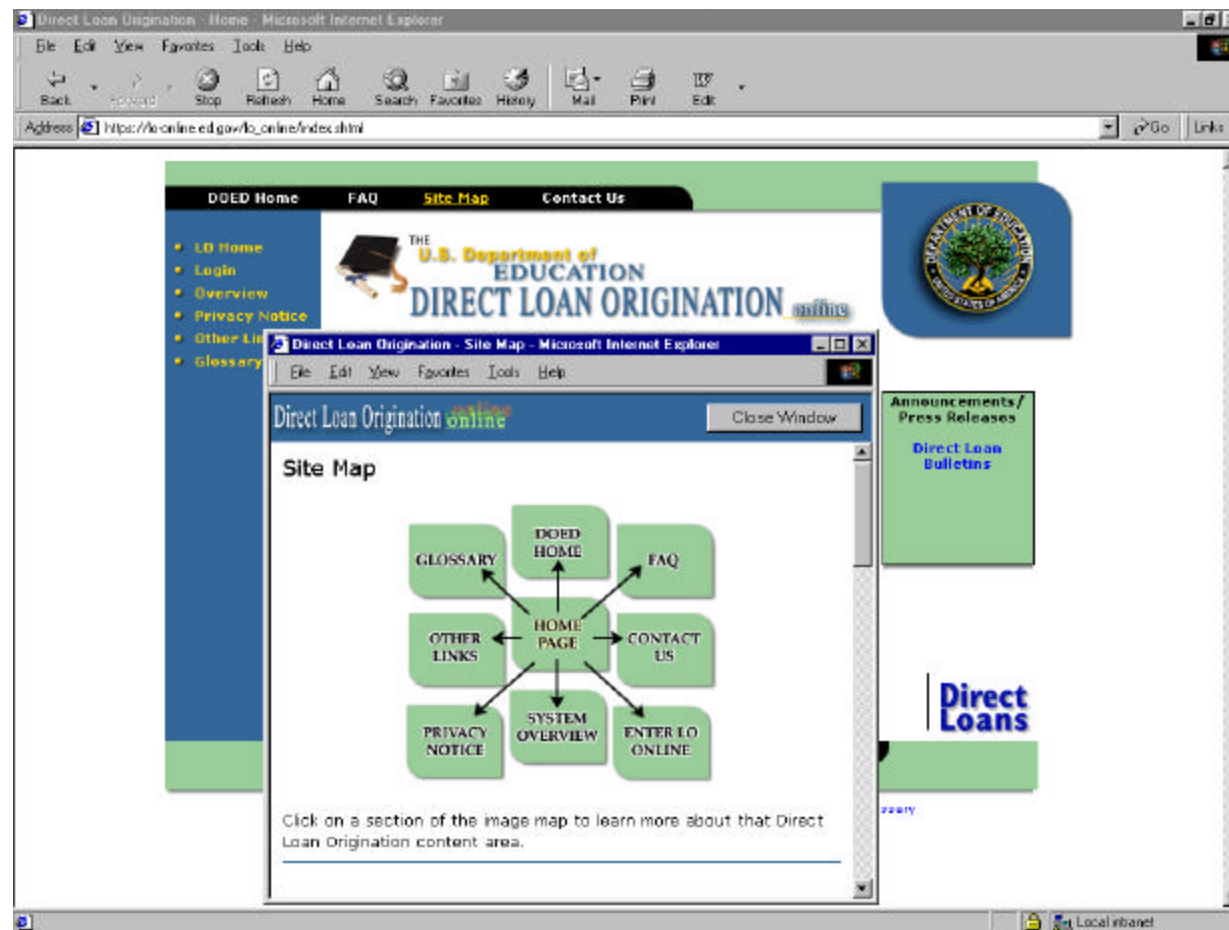
Main Menu System Overview Feedback Exit System

Direct Loans

Done Local Internet



## Supporting Pages





## Web Credit Request Process

- ★ Does not replace the current PLUS origination process
- ★ Only does one credit check at a time
- ★ Schools will need to obtain authorization from the parent
  - There is a PDF file located on the site that can be printed and signed by the parent





## Web Credit Request Process

- ★ The institution will only receive an "Accept" or "Denied" answer
- ★ Each time the credit check is accessed, the data is recorded and stored
- ★ Each night the transactions are downloaded to the LOS
- ★ The LOS will create an acceptance letter or denial letter



## Web Credit Request Process

- ★ EDEXpress tracks PLUS credit decision status and date obtained by the school
- ★ Each attempt creates a line item on the borrower's credit history displaying "U. S. Department of Education"





## Questions

- ★ If you have technical questions, please send them to:

**[loan\\_origination@mail.eds.com](mailto:loan_origination@mail.eds.com)**

- ★ Use a subject line of "Technical question"
- ★ Answers will be returned within 3 business days
- ★ If an answer cannot be given within 3 business days, you will be notified
- ★ Please include your name, organization, and a phone number



## Loan Origination Contacts

★ E-Mail Address:

[loan\\_origination@mail.eds.com](mailto:loan_origination@mail.eds.com)

★ School Relations at the LOC:

1-800-848-0978

★ School Relations Fax:

1-800-557-7396





# Loan Servicing

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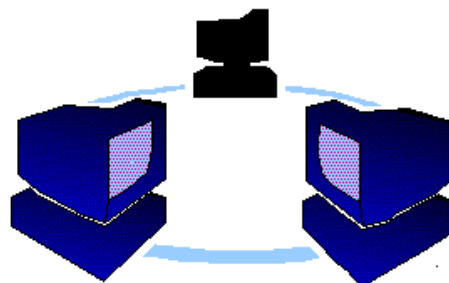




Direct Loan Web Site  
[www.dlservicer.ed.gov](http://www.dlservicer.ed.gov)



Provide borrowers the ability to completely manage their Direct Student Loan accounts, from beginning to end, in a self-service environment via the Internet.



# Our New Web Site Look!

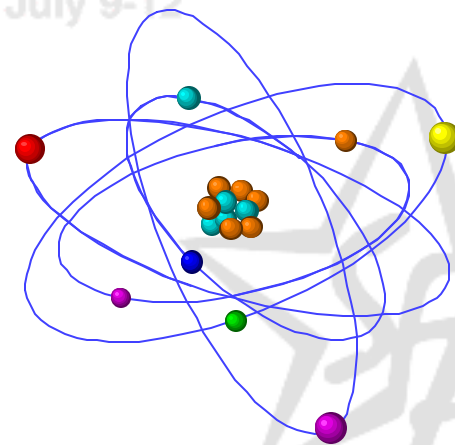






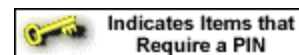
## Upcoming Web Site Features

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## Exit Counseling



### Account Management


#### ★ Features:

- School Link
- Add total indebtedness
- Page Navigation
- Repayment Estimator
- Pay Plan Change Page
- 70% to Pass Quiz
- New Graphics

The screenshot shows the "Direct Loans" website interface. On the left is a blue sidebar with the "Direct Loans" logo and a list of links: "Account Information", "Account Management" (highlighted in yellow), "Question Center", "Download Forms", "Home", and "Log Off". At the bottom of the sidebar is the U.S. Department of Education seal. The main content area has a top navigation bar with links: "Address Change", "Exit Counseling" (marked with a key icon), "Online Transactions", and "Repayment Estimator". Below this is a red banner with the text "Account Management". The main heading reads "The U.S. Department of Education's Direct Loan On-Line Exit Counseling". There is an illustration of a graduate in a blue gown standing in a doorway. Below the illustration is the "Direct Loans" logo and the U.S. Department of Education seal. A red banner below the logo says "Welcome to the U.S. Department of Education's Direct Loan Online Exit Counseling Session". The section title "Direct Loan On-Line Exit Counseling Session" is followed by a paragraph: "A school participating in the Direct Loan Program is required, by law, to provide exit counseling to borrowers of Direct Subsidized Loans and Direct Unsubsidized Loans shortly before you graduate, withdraw, or otherwise cease to attend school at least half time." At the bottom, it says "This is a 15-20 minute online Exit Counseling Session that your school is".



## Online Transactions

 Indicates Items that Require a PIN

### Account Management

#### Features:

- ★ Automation of forms to DLSC to process...
  - Unemployment
  - General Forbearance
- ★ Pin to be used as signature
- ★ Web based hardship calculator



The screenshot shows the 'Direct Loans' website interface. The left sidebar contains links for 'Account Information', 'Account Management' (highlighted), 'Question Center', 'Download Forms', 'Home', and 'Log Off'. The top navigation bar includes 'Address Change', 'Exit Counseling', 'Online Transactions' (marked with a key icon), and 'Repayment Estimator'. The main content area is titled 'Account Management' and lists four deferment options, each with a 'Download Form' button and a 'Pre-Qualify' button:

- Economic Hardship Deferment**: You must receive federal public assistance or earn less than a federal minimum wage or exceed a federally defined debt-to-income ratio.
- Unemployment Deferment**: You must be seeking but unable to find full-time employment (more than 30 hours per week) that is expected to last at least 3 months.
- At Least Half-Time In-School Deferment**: You must be enrolled at an eligible school as at least a half-time student.
- Graduate Fellowship Program Deferment**: You must hold a Bachelor's Degree and be accepted/attending a Graduate Fellowship Program full-time for at least six months.

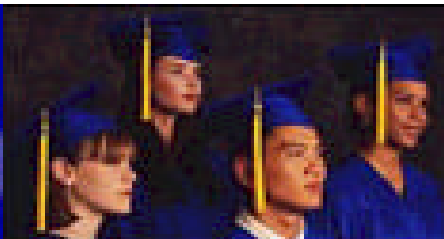




## Web Site to Feature Other Enhancements:

- ★ E-Gain implementation
- ★ Web site survey
- ★ Apply for Income Contingent Plan
- ★ Accept Waiver form
- ★ Updated current deferment forms
- ★ Text updates throughout site  
(user-friendly and uniformity)





# Direct Loans

## Servicing Center

### About Us:

- ★ 1100 Employees
- ★ Two Facilities
- ★ 5 Million borrowers
- ★ \$63 Billion Direct Loan Portfolio
- ★ 6.2M phone calls/year
- ★ 2.0M pieces of correspondence/year



**How may I help you!**

### Customer Calls Received by DLSC (a/o June, 2000):

- ★ 19,039,172 Borrower Services
- ★ 1,650,502 Collections



## Borrower Profile

### "At A Glance Today"

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★ In School	1,589,808
★ In Grace	463,995
★ In Repayment	2,901,393





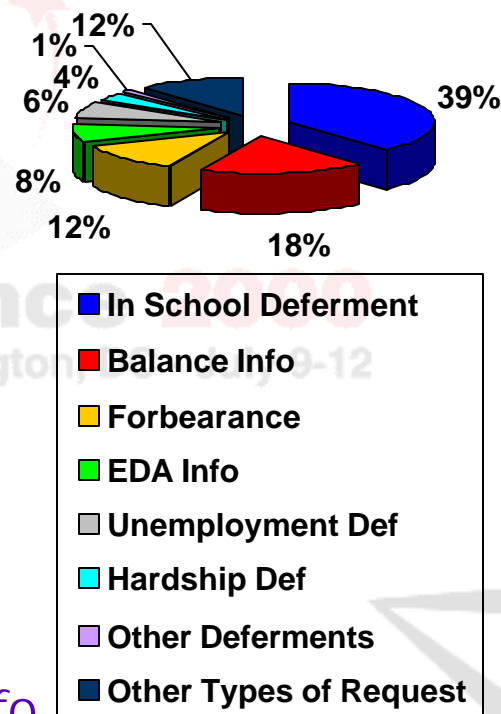
## Why Do Borrowers Call?

Types of calls from customer...

- ★ 50% Deferments
  - In School    Unemployment
  - Hardship    Other Deferment Types
- ★ 26% Repayment
  - Balance Information
  - EDA Information
- ★ 12% Forbearance
- ★ 12% Other Requests
  - Pymt Plan/Cycle Change    Interest Info
  - Repay Plans Info            ICR Info



### Reasons for Call





## Customer Care Initiatives

**Goal: To establish baseline to measure customer service levels.**

- ★ Identify customer's characteristics for the web, VRU & telephone
- ★ Identify methods to perform customer product surveys
- ★ Re-evaluate written communication to customer
- ★ Utilize random sampling of customers to test new correspondence and products
- ★ Establish focus groups to identify customer needs



## How to contact the Direct Loan Servicing Center...

- ★ Borrower Services 1-800-848-0979
- ★ TDD 1-800-848-0983
- ★ School Services 1-888-877-7658
- ★ Loan Counseling 1-800-848-0981
- ★ Web Site [www.dlservicer.ed.gov](http://www.dlservicer.ed.gov)